

PRESS RELEASE

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FRSB ANNOUNCES RE-NOTIFICATION PROCESS OF UNION WORKERS

Puerto Rico's Fiscal Restructuring and Stabilization Board (FRSB) today announced its decision to require a number of Commonwealth government agencies to start anew the process of notifying certain unionized employees as to their layoff as a result of the implementation of the Phase II of the Act No. 7.

The decision was made in order to avoid costs and time associated with the possibility of protracted litigation.

The net effect of today's announcement is that 7,191 layoffs that would have become effective this coming Friday, November 6, 2009, will now be effective in January 2010 instead. The decision does not change the total of 14,521 net layoffs expected to be effected as a result of the implementation of the round of layoffs announced on September 25, 2009, under Phase II of Act No. 7.

The FRSB had already adjusted down from 16,970 to 14,521 the net number of layoffs announced September 25—an adjustment consistent with original projections—for a projected annual savings of \$386 million.

It is estimated that the delay in the effective date of the 7,191 layoffs announced today will have a negative impact of some \$60 million in the cash flow projection for the current fiscal year published October 15, 2009. However, the projected annual savings of \$386 million will be realized as originally estimated.

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