

# **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](http://www.gdb-pur.com)



August 17, 2006

## **COMMONWEALTH PLACES \$190 MILLION IN GO BONDS IN LOCAL MARKET; STRONG DEMAND BY INDIVIDUAL INVESTORS**

SAN JUAN, PUERTO RICO, August 18, 2006 -- The Commonwealth of Puerto Rico has sold \$190 million in General Obligation bonds (GOs) in the local market as part of a \$1,086 million GO issue, of which \$896 million was placed in the U.S. tax-exempt market earlier this month, it was announced today by Alfredo Salazar, Chairman of the Board of Directors of the Government Development Bank for Puerto Rico (GDB).

“The successful sale of this issue locally stimulates investment activity and is evidence of the banking sector’s support to Government transactions,” Mr. Salazar said. “Individual investors welcomed our bond offering and all securities broker firms placed orders, confirming the confidence of local investors in Puerto Rico’s credit.”

Some of proceeds from the GO issue are being invested directly in infrastructure and public works developed by the municipalities and agencies. Other proceeds were used to repay lines of credit approved by the GDB to central Government agencies for other public improvements, increasing the Bank’s liquidity.

GDB’s public loan portfolio was reduced by \$501 million, from \$7.2 billion as of July 31, 2006, to \$6.7 billion as of August 14, 2006. “With this capitalization, GDB is in better position to continue its working agenda as fiscal agent of the Commonwealth and its agencies,” Mr. Salazar said.

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

“Demand was strong and total orders received for the sale of the bonds exceeded the amount offered,” said Ken McGrath, President of Popular Securities, which was the senior book running manager for the issue. “This underscores the renewed confidence of Puerto Rico investors in buying bonds issued by the Commonwealth. We were very pleased with the overall support shown by investors and the other co-managers who participated in this offering.”

The issue, with the longest maturity of 10 years, captured a TIC of 5.81%. The bonds were rated BBB by Standard & Poor’s and Baa3 by Moody’s Investors Service.

Popular Securities was lead manager, along with Santander Securities and UBS Financial Services. BBVA Securities, Morgan Stanley, Samuel A. Ramírez and Citigroup acted as co-managers, together with Oriental Financial Services, Merrill Lynch, RG Investments and Wachovia Bank.

**P** RESS RELEASE